

Revenues and Benefit service

1. Executive Summary

- 1.1. This report sets out a direction of travel to pursue a shared approach to Revenues and Benefit services, between Tandridge District Council (TDC) and Reigate and Banstead Borough Council (RBBC), ultimately moving towards a joint Centre of Excellence for the Revenues and Benefits service. The report concludes that a detailed plan for implementation should be developed and agreed between the two Councils. Alongside developing a joint approach, work will continue to promote self-service and to automate processing to deliver a faster, more responsive and better value for money service. The service will continue to manage Government and local resident support schemes such as the Household Support Grant and Energy Bills Support Scheme.

Recommendations:

Approve that the Council proceeds with the development of shared services for Revenues and Benefits with Reigate and Banstead Borough Council (subject to equivalent approval by RBBC members), noting the intention to create a Centre of Excellence across the two councils.

Note that a full business case setting out the detailed proposals will be brought to Strategy & Resources Committee for future approval.

2. Current service context - 2023/24 objectives, performance and savings plans

- 2.1. The primary objectives for the Revenues and Benefits service, taken from the 2023/24 service plan are:
- To deliver a value for money Revenues and Benefits service, responding to resident and business needs;
 - Maximise online services, automation and channel shift opportunities available within newly implemented systems;
 - Take advantage of proposed digital investment across the Council;
 - Maintain and increase recovery across all income streams;
 - Deliver Government and local support schemes; e.g. Household Support Grant tranche 4 and Energy Bills Support Scheme; and
 - Meet legislative requirements for billing and benefit administration.
- 2.2. Developing joint working with RBBC as a means of delivering the above is also a key element of the service plan.
- 2.3. As context, the service currently costs £739k per annum. The table below shows £125k of savings planned and the movement from the budget for 2022/23, to the total budget for 2023/24. This was offset by a technical budget adjustment within the Housing Committee to reflect the fact that Government subsidy is not intended to meet all costs of managing Housing Benefit.

Service area	Revenues £000	Benefits £000	Total £000
Gross spend	565	18,341	18,906
Income	(58)	(18,110)	(18,168)
Net budget	507	231	738
Savings plan	(125)*	0	(125)
Budget adjustments	(21)	147	126
Changes	(146)	147	1
Gross spend 2023/24	469	18,488	18,957
Income 2023/24	(108)	(18,110)	(18,218)
Net budget 2023/24	361	378	739
FTE*	9.4	8.6	18.0

*The allocation between teams is to be confirmed as some posts are shared.

2.4. The £125k savings plan consists of:

- £50k Phase 1 Restructure (complete)
- £50k Joint working with County and other Districts and Boroughs to increase debt recovery (in progress)
- £25k Phase 2 Service review including joint working with neighbouring authorities and increasing automation (in progress).

In addition to the savings outlined above, Revenues and Benefits have contributed to a further saving of £80k included in the management structure. Previously, two Heads of Service covered Housing and Revenues and Benefits. In the new structure this has been replaced by a single Head of Service for Housing, with Revenues and Benefits now reporting to the Chief Finance Officer.

2.5. Joint working with the County and other District and Boroughs to increase debt recovery is under way, led through a working group of Revs and Bens managers across Surrey. The first stage of this, a joint Single Person Discount review, has delivered c.£300k of additional Council Tax revenue for the Tandridge area, of which TDC retain c.11% / £33k. Initiatives such as these which are jointly funded between the precepting and billing authorities will continue to be explored to deliver the remainder of the saving.

2.6. This update focuses on work to deliver the £25k of savings associated with working with neighbouring authorities. Although this is a relatively small element of the total savings, the direction of travel will bring opportunities for further cost sharing or income generation, along with increased service resilience.

2.7. Key volume data for the service includes the following. This is provided for context to the scale of the service delivered:

- Properties billed for Council Tax: 37,755
- Properties billed for Business Rates and the Business Improvement District: 3,296
- Housing Benefit Cases: 5,326

- 2.8. The service saw significant disruption during Covid-19, with key resources diverted to supporting the Council's response to the pandemic. This disruption was exacerbated by the replacement of the main Revs and Bens system during 2021/22. The combined impact of these meant that 2022/23 financial year commenced with a significant volume of open work. The team has put huge effort into addressing this backlog and commences 2023/24 in a much better position:

	Council Tax and Business Rates Open Items	Housing Benefits Open Items	Total Open Items
Annual Billing – February 2022	2,718	1,570	4,288
August 2022	3,405	913	4,318
Annual Billing - February 2023	495	571	1,066

- 2.9. Work to promote self-service where possible and automate processes within the NEC system will continue alongside the development of shared services with RBBC, to increase responsiveness to customers.

3. Work undertaken to date and review from PeopleToo

- 3.1. Tandridge District Council and Reigate and Banstead Borough Council have jointly commissioned subject matter experts (SMEs) through Tandridge District Council's contract with PeopleToo to explore the service delivery options available to each Council, including continued stand-alone delivery, partnership working and externalisation to a third party. The report includes commercially sensitive information from market engagement, but key findings of the review and management commentary on the findings are set out in section 4, below.
- 3.2. The aim of the review was to create an outline business case to enable both Councils to make an informed decision on whether to proceed with one or more options, including:
- Service remaining as-is for both Councils
 - Shared service options including:
 - Tactical shared services through collaboration or a memorandum of understanding
 - Tactical plus shared Management and Support
 - Fully integrated service
 - Centre of Excellence under a Joint Venture model
- 3.3. The option to outsource elements or all of the service for TDC was also considered.
- 3.4. The review was based on an analysis of the cost, structure and performance metrics of each Council, plus the approach taken to the generation of external income.

4. Key findings of service review

External review:

- 4.1. The key findings from the executive summary of the review are as follows. Management commentary on the findings is set out below.

Council	Finding (quoted from PeopleToo report)
TDC	If financial driver overriding factor with accelerated service improvement then externalisation offers the optimum option, based on initial market engagement with commitments underwritten and annual profile can be flexible. In terms of other options, then all are viable from tactical to a full Centre of Excellence. Staying 'as is' is not an option without significant investment.
RBBC	RBBC: Whilst externalisation is optimum financial solution, it is not preferred option given where service is currently and Council financial position. Staying 'as is' and growing commercial income is an option. Shared services predominantly offers service resilience, which can be achieved at 'tactical' option and some ability to offset management and overheads but risk to current service performance and growth in commercial income is real and needs to be considered, unless Centre of Excellence option is considered to drive far greater commercial income.
Both	Both Councils have a strategic direction of increased shared services and creating a core base which other neighbouring Councils could join. The benefits/constraints of each shared option were detailed in the appraisal and have shown that shared services is viable particularly if the partners can progress to a Centre of Excellence stage through a phased development of the partnership.
Both	The biggest variation in benefits to externalisation is the financial improvement through savings and increased income both in terms of overall level and speed to realise financial benefits and the point that externalisation would be contractually binding. Councils could close the gap through considering the transformation partnership model identified in market engagement whereby Councils could engage [an external partner] to deliver financial improvements on a commercial basis on a project basis. Councils would not be able to make T&Cs savings as an externalisation model would, unless this was done in an arms length company.

- 4.2. More detailed findings in respect to TDC included:

- The service had experienced, knowledgeable and capable staff;
- Morale was surprisingly good considering the significant challenges impacting the service in recent years;
- The service continues to deliver reasonable service levels despite the impact of recent restructures, Covid-19 support and software migration which together provided a 'perfect storm' of issues;
- As a relatively small Council, the service has capacity and resilience issues that are compounded by the current circumstances; and

- The service is therefore prone to reactivity rather than proactivity.

Management Response:

- 4.3. The service recognises that staying 'as-is' is unsustainable. The key aims to drive value for money from the service by delivering the savings plan, and in parallel maintain and improve the performance and resilience of the service, are incompatible. There is, therefore, a clear case for change. However, alongside the need to review delivery models, the service has taken steps to move from reactivity to proactivity and this has begun to pay dividends through increased automation (for example of 'change of circumstance' notifications) and through increased use of customer self-service. Through any delivery model, increased automation and channel-shift will play a key role in delivering further value for money.
- 4.4. The external review suggests that outsourcing would offer the most obvious and immediate financial benefits. This needs to be balanced against a number of key points that go beyond the straightforward delivery of Revs and Bens:
- There is a strategic desire to work together with neighbouring authorities, to deliver better value services, avoid duplication and strengthen resilience;
 - External savings rely on a multi-year contract (between 5 and 10 years) which may preclude future collaboration or closer working with neighbouring authorities;
 - The Revs and Bens team deliver far more than a basic service, in particular delivering initiatives to support the cost of living, including the Household Support Grant and delivering rate reliefs to businesses. The Council won an award for its support to businesses during the Covid-19 period and this relied in part on the resilience, flexibility and good will of staff across Revs and Bens, Housing and elsewhere. These additional work areas often come with Government funding which can be used to offset the cost of Revenues and Benefits to the Councils. This opportunity would be lost if the service was outsourced;
 - There is an opportunity to develop a model between TDC and RBBC that can expand to cover additional authorities to spread management costs and increase resilience;
 - Generally, it is good practice to achieve the best-possible in-house service before considering outsourcing in order to ensure that the Council benefits in full from straightforward savings, whilst minimising the amount of risk that an external provider would cost into a contract.
- 4.5. However, there may be a benefit to working with external partners to explore opportunities for automation or for externalising elements of processing to deal with peaks and troughs in workload. It is therefore proposed that the two Councils look at external options together, rather than in isolation, following the initial steps towards a shared approach to Revs and Bens. This will include approaching third parties for informal discussions and demonstrations and potentially more formal engagement depending on the outcome.

5. Plans for the ultimate creation of a Centre of Excellence across the two councils

5.1. The external review identified four potential options for a shared service, as follows:

- Tactical sharing – e.g. counter fraud initiatives, Digital / IT, taxbase maximisation, channel shift,
- Tactical plus shared management and support – as above but with integrated posts where possible,
- Lead council model with a fully integrated service – including a common structure and fully integrated approach to service delivery,
- Centre of Excellence – structured to deliver commercial opportunities and a competitive and attractive offer to other Councils

5.2. The options were assessed against the following criteria:

- Service resilience
- Service improvement
- Risk
- Financial Benefits
- Staff Impact
- Flexibility
- Commercial Income
- Ability to deal with external changes

5.3. The report concluded that all four options were viable but that a movement towards a Centre of Excellence is likely to offer the best outcome. Both councils consider this conclusion to be reasonable but would jointly prefer to move towards a Centre of Excellence model on a carefully managed and phased basis, rather than as a potentially destabilising 'big bang' implementation.

5.4. Taking controlled steps towards joint working allows the partnership to demonstrate its commitment to collaboration whilst minimising the impact on the services which, for TDC, has been significantly affected by two restructures and a major system change. Retaining the expertise and knowledge (as identified by the review) will be key to maintaining and building a resilient and commercially attractive service.

5.5. Therefore, the intention is to jointly design a phased implementation plan which takes advantages of immediate opportunities for tactical collaboration, some of which are already in place, and move towards a much greater degree of sharing.

5.6. The tactical improvements through shared working already include:

- Advertisement of a Property Inspector post to deliver property inspections on behalf of both councils with a potential to roll-out to others, supplementing existing capacity within RBBC;

- Finalisation of a Memorandum of Understanding for Fraud work, drawing on expertise and capacity through RBBC to review TDC's approach to fraud Governance and to undertake defined pieces of anti-fraud work; and
- Joint participation in a County-wide single person discount review, majority-funded by Surrey County Council with RBBC playing a lead role in promoting.

6. Potential for income generation

- 6.1. RBBC generate income by collaborating with other Councils to provide aspects of the Revenues and Benefits service, particularly including fraud investigation and prevention. Both Councils see an opportunity to expand these opportunities by drawing on their collective knowledge and experience.
- 6.2. Generating external income in this manner allows the management and overhead costs of the services to be spread across a wider base, offering financial gain and additional resilience to the partners, existing and new.
- 6.3. There may also be opportunities to operate on a more wide-ranging commercial basis, and these will be considered alongside the appropriate operating structure to ensure compliance with legislation governing local authority commercial activity.

7. Proposed next steps

- 7.1. Since the conclusion of the outline business case work, both TDC and RBBC have been focussing on a time-critical annual billing and year-end processes, alongside (for TDC) the implementation of a significant restructure. In April the focus will move towards developing a detailed timetable for joint delivery as follows:

Activity	Timetable	Owner
Current Position		
Options appraisal for shared services and other models delivered by PeopleToo.	15 th February 2023	CFO
Delivering MoU for provision of Fraud Services	10 th February 2023	Head of Housing Revenues and Benefits Managers
TDC - Service Review Phase 1 and Restructure. Delivery of £50k saving.	17 th January 2023 – 15 th February 2023	CFO
Activity	Timetable	Owner
Future Steps		
TDC Strategy & Resources Approval to Direction of Travel	30 th March 2023	CFO

Kick-off meeting for shared approach, including Chief Execs discussing with staff	May – June 2023	CFO / CEX
Formulate opportunities	July 2023	Revenues and Benefit Managers
Identify risks	July 2023	Revenues and Benefit Managers
Agree opportunities to pursue	August 2023	CFO
Agree implementation plan	September 2023	CFO / Committee
Deliver implementation	Subject to above	Revenues and Benefit Managers